

## Message Text

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ACTION AID-59

INFO OCT-01 NEA-10 ISO-00 IGA-01 L-03 SSO-00 NSCE-00 SS-15

NSC-05 EB-07 OMB-01 TRSE-00 COME-00 AGR-05 SP-02

INRE-00 CIAE-00 INR-07 NSAE-00 ABF-01 FS-01 CIEP-01

FRB-03 /122 W

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O 021020Z SEP 75

FM AMEMBASY DACCA

TO SECSTATE WASHDC IMMEDIATE 7967

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STATE PASS AID AND AGRIC

EO 11652: N/A

TAGS: EAGR, EAID, BG

SUBJ: PROPOSED PL 480, TITLE I AGREEMENT - FY 1976

REF: STATE 206905

AS REQUESTED REFTEL, DRAFT OF MINUTES FOLLOWS:

AGREED MINUTES OF THE MEETINGS ON JULY 23 AND AUGUST 4  
1975 BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICAN (USG)  
AND THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH (BDG)  
REGARDING THE PL 480, TITLE I AGREEMENT FOR FY 1976

1. REFERENCE TO THE FY 1975 PL 480, TITLE I AGREEMENT:  
USG OFFICIALS POINTED OUT THAT THE PREAMBLE, PARTS I AND III OF  
THE FY 1974 PL 480, TITLE I AGREEMENT SIGNED OCTOBER 4, 1974 WILL  
BE CONSIDERED AN INTEGRAL PART OF THE FY 1976 PL 480, TITLE I  
AGREEMENT.

2. SALES PROCEEDS:  
USG OFFICIALS POINTED OUT THAT THE LANGUAGE IN PART I, ARTICLE II  
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OF THE AGREEMENT WAS STANDARD FOR ALL SUCH AGREEMENTS. BDG OFFI-

CIALS EXPLAINED THAT THE FOODGRAINS IMPORTED UNDER THIS AGREEMENT WOULD BE SOLD AT LESS THAN THE LOCAL CURRENCY EQUIVALENT OF THE DOLLAR DISBURSEMENT BY THE U.S. GOVERNMENT IN CONNECTION WITH THE FINANCING OF THOSE FOODGRAINS AND THUS THE TOTAL AMOUNT OF THE PROCEEDS ACCURING TO BANGLADESH WOULD BE LESS THAN THE LOCAL CURRENCY EQUIVALENT OF SUCH USG DOLLAR DISBURSEMENT. HOWEVER, BDG OFFICIALS NOTED THAT THE 1975/76 ANNUAL DEVELOPMENT PLAN ENVISAGED DEVELOPMENT EXPENDITURES ON AGRICULTURE OF AMOUNTS FAR IN EXCESS OF THOSE COMTEMPLATED IN THE AGREEMENT, AND AGREED TO INCLUDE IN THE REPORTS AND STATEMENTS REQUIRED BY PART I, ARTICLE II, PARAGARPH F AND PART I, ARTICLE III, PARAGRAPH C, INFORMATION CONCERNING EXPENDITURES ON AGRICULTURAL DEVELOPMENT UNDER THAT PLAN OF AN AMOUNT EQUAL TO, BUT NOT LESS THAN LOCAL CURRENCY EQUIVALENT OF THE UNITED STATES GOVERNMENT DOLLAR DISBURSEMENTS FOR COMMODITIES FINANCED UNDER THIS AGREEMENT.

3. FINANCIAL TERMS:

USG OFFICIALS EXPLAINED THAT THE FINANCIAL TERMS AS SET FORTH IN PART II, ITEM II OF THE PROPOSED AGREEMENT INCLUDE: CONVERTIBLE LOCAL CURRENCY CREDIT (CLCC) TERMS OF 40 YEARS CREDIT, INCLUDING A 10-YEAR GRACE PERIOD, INTEREST RATES OF 2 PERCENT DURING THE GRACE PERIOD AND 3 PERCENT THEREAFTER, NO INITIAL PAYMENT, AND 1 PERCENT CURRENCY USE PAYMENT (CUP) LIMITED TO SECTION 104 (A) USES.

4. COMMODITY COMPOSITION:

USG OFFICIALS NOTED THAT THE PROPOSED COMMODITY COMPOSITION, AS SHOWN IN PART II, ITEM I OF THE AGREEMENT, PROVIDES FOR SUPPLY IN FY 1976 OF

300,000 METRIC TONS OF WHEAT/WHEAT FLOUR, 1:0,000 METRIC TONS OF RICE AND 15,000 METRIC TONS OF VEGETABLE OIL, WITH AN EXPORT MARKET VALUE OF \$90.7 MILLIHN. THE USG IS NOT ABLE AT THIS TIME TO RESPOND TO THE BDG'S REQUEST FOR RAW COTTON AND INEDIBLE TALLOW IN THE FY 1976

AGREEMENT. THE EXPORT MARKET VALUE FOR EACH OF THE ABOVE COMMODITIES, AS LISTED IN THE COMMODITY TABLE OF PART II OF THIS AGREEMENT, MAY NOT BE EXCEEDED. IF COMMODOTY PRICES INCREASE, THE QUANTITY TO BE FINANCED UNDER THE PROPOSED AGREEMENT WOULD BE LESS THAN THE APPROXIMATE MAXIMUM QUANTITY SET FORTH IN THE SAME COMMODITY TABLE. SHOULD COMMODITY PRICES DECREASE, HOWEVER, THE QUANTITY TO BE FINANCED UNDER

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THE PROPOSED AGREEMENT WOULD BE LIMITED TO THAT SPECIFIED IN THE COMMODITY TABLE. THE QUANTITY/VALUE LIMITATION IS INCLUDED IN ARTICLE I B OF PART I OF THE FY 1975 AGREEMENT.

5. USUAL MARKETING  
REQUIREMENTS (UMR'S):

USG OFFICIALS EXPLAINED THAT  
BECAUSE OF BDG'S ECONOMIC AND FIN-

ANCIAL DIFFICULTIES, PART II, ITEM II, IF THE PROPOSED AGREEMENT PROVIDES FOR NO USUAL MARKETING REQUIREMENTS FOR WHEAT/WHEAT FLOUR, RICE AND VEGETABLE OIL FOR 1976. HOWEVER, THE BDG IS EXPECTED TO CONTINUE COMMERCIAL IMPORTS IF FOODGRAINS AND VEGETABLE OIL IN FY 1976. THE UMR'S WILL BE REVIEWED ON A YEAR-TO-YEAR BASIS.

6. REPORTING ON SELF-HELP MEASURES:

USG OFFICIALS INFORMED THE BDG OFFICIALS THAT THE ANNUAL SELF-HELP REPORT REQUIRED BY THE PROPOSED AGREEMENT SHOULD:

(A) PROVIDE BUDGETARY AND OTHER QUANTITATIVE DATA THAT DOCUMENT PROGRESS YOUR GOVERNMENT IS MAKING TOWARDS FULFILLING SELF-HELP PROVISIONS IN THE PROPOSED AGREEMENT; AND (B) DISCUSS POLICY CHANGES THAT HAVE OR ARE BEING TAKEN TO ACCOMPLISH THESE MEASURES.

7. PURCHASING COMMODITIES AND/OR OCEAN FREIGHT:

USG OFFICIALS EXPLAINED THAT WITH THIS PROPOSED AGREEMENT AND UNTIL FURTHER NOTICE THE FOLLOWING PROCEDURES WILL BE REQUIRED REGARDING THE PURCHASE OF COMMODITIES AND OCEAN FREIGHT UNDER THIS PROPOSED AGREEMENT: (A) ALL TENDERS DLB OCEAN FREIGHT AND/OR COMMODITIES WILL BE ISSUED IN THE USA; (B) ALL SUBMISSION AND ACCEPTANCE OF BIDS SHALL BE IN THE USA; (C) ALL AWARDING OF CONTRACTS SHALL BE DONE IN THE USA; (D) ALL INVITATIONS FOR BIDS FOR OCEAN FREIGHT MUST BE SUBMITTED TO THE OTD, FAS, USDA; AND (E) ALL BIDS OPENINGS SHALL BE PUBLIC.

8. REPORTING REQUIREMENTS:

USG OFFICIALS POINTED OUT THAT THE BDG HAS BEEN SERIOUSLY DELIQUENT IS SUPPLYING REQUIRED ARRIVAL REPORTING FOR WHEAT AND RICE. COMPLETED SHIPPING AND ARRIVAL REPORTS FOR VESSELS THAT DISCHARGED AND DEPARTED BANGLADESH PORTS IN APRIL 1975 HAVE NOT BEEN RECEIVED AS OF LATE JULY, 1975.

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INFO OCT-01 NEA-10 ISO-00 IGA-01 L-03 SSO-00 NSCE-00 SS-15

NSC-05 EB-07 OMB-01 TRSE-00 COME-00 AGR-05 SP-02

INRE-00 CIAE-00 INR-07 NSAE-00 ABF-01 FS-01 CIEP-01

FRB-03 /122 W

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9. IDENTIFICATION AND PUBLICITY:

THE BDG SHOULD PUBLICLY ANNOUNCED THE AGREEMENT WHEN SIGNED AND GIVE PUBLICITY TO THE ARRIVAL OF FOODGRAIN SHIPMENTS AS OUTLINED IN SECTION

103 (1) OF THE PL 480 ACT. ALSO, THE BDG WILL INSURE, INSOFAR AS PRACTICAL, THAT FOOD COMMODITIES ARE MARKED OR IDENTIFIED AT THE POINT OF DISTRIBUTION OR SALE AS BEING PROVIDED ON A CONCESSIONAL BASIS TO BANGLADESH THROUGH THE GENEROSITY OF THE PEOPLE OF THE US.

10. DESIGNATION OF CONSULTANTS:

USG OFFICIALS INFORMED THE BDG OFFICIALS THAT THE BDG MUST DESIGNATE ONE OR MORE PERSONS IN THE USA TO CONSULT WITH REPRESENTATIVES OF THE USG TO DISCUSS THE RULES AND PROCEDURES APPLICABLE TO PROCUREMENT, FINANCING REPORTING AND OCEAN TRANSPORTATION, BECAUSE OF THE COMPLICATIONS INVOLVED IN CONNECTION WITH THE IMPLEMENTATION OF ALL THE PROVISIONS OF THE AGREEMENT. THIS CONSULTATION MUST BE COMPLETED BEFORE ANY PURCHASE AUTHORIZATIONS ARE ISSUED. A DESIGNATED PERSON OR PERSONS IN THE US SHOULD BE AUTHORIZED TO SIGN ALL DOCUMENTS

RELATING TO THE IMPLEMENTATION IF THE AGREEMENT. IN ADDITION,  
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THE BDG WILL DESIGNATE INDIVIDUALS OR AGENCIES IN BANGLADESH WITH WHOM REPRESENTATIVES OF THE USG MAY CONSULT REGARDING THE IMPLEMENTATION OF THE AGREEMENT, SUCH AS, (1) COMMODITY ARRIVAL AND OFF-LOADING INFORMATION, (2) MARKING OR IDENTIFYING AND PUBLICIZING ARRIVALS, (3) ASSURANCES AGAINST RESALE AND TRANSSHIPMENT, (4) COMPLIANCE WITH THE EXPORT LIMITATION, (5) INFORMATION ON THE DEPOSIT OF LOCAL CURRENCIES, (6) GENERATION AND USE OF CURRENCIES ARISING FROM CREDIT SALES FOR DOLLARS OR CONVERTIBLE LOCAL CURRENCY CREDIT SALES, (7) CARRYING OUT SELF-HELP MEASURES, (8) RECONCILIATION OF ACCOUNTS, INCLUDING PRINCIPAL AND INTEREST PAYMENTS, AND (9) CUP PAYMENTS.

11. APPROVAL OF AGENTS:

USG OFFICIALS INFORMED THE BDG OFFICIALS THAT IF THE BDG ENGAGES THE SERVICES OF A US PERSON OR FIRM AS ITS AGENT TO HANDLE PROCUREMENT OF THE COMMODITY AND/OR OCEAN TRANSPORTATION, SUCH AGENT MUST BE APPROVED BY THE USDA. A COPY OF THE WRITTEN AGREEMENT BETWEEN THE RECIPIENT GOVERNMENT AND THE US AGENT MUST BE SUBMITTED TO USDA FOR

APPROVAL PRIOR TO THE ISSUANCE OF APPLICABLE PURCHASE AUTHORIZATIONS.

12. TAKA DEPOSITS:

USG OFFICIALS EXPLAINED THAT THE TAKA RECEIVED BY THE USG UNDER THE CUP MAY BE DEPOSITED IN INTEREST BEARING ACCOUNTS IN BANKS IN BANGLADESH SELECTED BY THE USG. (SEE PART I, ARTICLE II C.1 IN THE FY 1975 AGREEMENT). THIS PROVISION IS INCLUDED IN THE AGREEMENTS. ALSO, THE USG OFFICIALS POINTED OUT THAT US LEGISLATION REQUIRES THAT: (A) DEPOSITS OF TAKA TO THE US ACCOUNT BE AT A RATE WHICH IS NOT LESS FAVORABLE THAN THE HIGHEST EXCHANGE RATE LEGALLY OBTAINABLE AND WHICH IS NOT LESS FAVORABLE THAN THE HIGHEST OF EXCHANGE RATES OBTAINABLE BY ANY OTHER NATION; (B) IF THERE IS ANY CHANGE IN THE EXCHANGE SYSTEM OR IN THE LEVEL OF THE EFFECTIVE RATE, OR ANY OTHER DEVELOPMENT WHICH WOULD REQUIRE AN ADJUSTMENT IN THE DEPOSIT RATE TO COMPLY WITH THE LEGISLATION, THE US RESERVES THE RIGHT TO SUSPEND DELIVERIES PENDING NEGOTIATIONS OF A MUTUALLY AGREEABLE RATE, AND (C) US-OWNED TAKA MAY BE DEPOSITED IN INTEREST BEARING ACCOUNTS AS NOTED ABOVE.

13. DELIVERY OF COMMODITIES:

BDG REPRESENTATIVES URGED THE US REPRESENTATIVES TO EXPEDITE THE SIGNING OF THE FY 1976, PL 480, TITLE I AGREEMENT AND ISSUANCE OF PURCHASE AUTHORIZATION THEREUNDER SO THAT MAXIMUM PER MONTH OF LIMITED OFFICIAL USE

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200,000 TONS OF FOODGRAINS UNDER THE AGREEMENT ARRIVE IN BANGLADESH FROM OCTOBER 1975. USG OFFICIALS INDICATED THAT THE USG WOULD MAKE BEST EFFORTS TO HELP MEET THIS SCHEDULE. BOSTER

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Copy:** SINGLE  
**Draft Date:** 02 SEP 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** KelleyW0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
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**Review Authority:** KelleyW0  
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Margaret P. Grafeld  
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**Secure:** OPEN  
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**Subject:** PROPOSED PL 480, TITLE I AGREEMENT - FY 1976  
**TAGS:** EAGR, EAID, BG, US  
**To:** STATE  
**Type:** TE  
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